

National Credit Union Administration

§ 708b.102

708b.202 Notice to members of termination of insurance.

708b.203 Conversion of insurance.

708b.204 Notice to members of conversion of insurance.

Subpart C—Forms

708b.301 Termination of insurance.

708b.302 Conversion of insurance.

708b.303 Modifications to notice.

AUTHORITY: 12 U.S.C. 1766, 1785, 1786, 1789.

SOURCE: 52 FR 12374, Apr. 16, 1987. Redesignated at 59 FR 48792, Sept. 23, 1994, unless otherwise noted.

§ 708b.0 Scope.

(a) Subpart A of this part prescribes the procedures for merging one or more credit unions with a continuing credit union where at least one of the credit unions is federally insured.

(b) Subpart B of this part prescribes the procedures and notice requirements for termination of Federal insurance or conversion of Federal insurance to non-federal insurance, including termination or conversion resulting from a merger.

(c) Subpart C of this part sets forth the forms to be used for terminating Federal insurance or converting from Federal insurance to nonfederal insurance.

(d) Nothing in this part shall operate as a restriction or otherwise impair the authority of NCUA to approve a merger pursuant to section 205(h) of the Act.

(e) This part does not address procedures or requirements that may be applicable under state law for a state credit union.

§ 708b.1 Definitions.

(a) *Continuing credit union* means the credit union which will continue in operation after the merger.

(b) *Merging credit union* means the credit union which will cease to exist as an operating credit union at the time of the merger.

(c) *State credit union* means any credit union organized and operated according to the laws of any state, the several territories and possessions of the United States, or the Commonwealth of Puerto Rico. Accordingly, *state authority* means the appropriate state or territorial regulatory or supervisory authority for any such credit union.

(d) *Federally-insured* means insured by the Board through the National Credit Union Share Insurance Fund (NCUSIF).

(e) *Nonfederally-insured* means insured by a private or cooperative insurance fund or guaranty corporation organized or chartered under state law.

(f) *Uninsured* means there is no share or deposit insurance available on the credit union accounts.

(g) The terms *terminate*, *termination* and *terminating*, when used in reference to insurance, refer to the act of canceling Federal insurance and mean that the credit union will become uninsured.

(h) The term *convert*, *conversion* and *converting*, when used in reference to insurance, refer to the act of canceling Federal insurance and simultaneously obtaining share or deposit insurance from another insurance carrier. They mean that after cancellation of Federal insurance the credit union will be non-federally insured.

Subpart A—Mergers

§ 708b.101 Mergers generally.

(a) In any case where a merger will result in the termination of Federal insurance or conversion to nonfederal insurance, the merging credit union must comply with the provisions of subpart B in addition to this subpart A.

(b) No federally-insured credit union shall merge with any other credit union without the prior written approval of the Board.

(c) Where the continuing credit union is a Federal credit union, there must be compliance with the chartering policies of the Board.

(d) Where the continuing or merging credit union is a state credit union, the merger must be permitted by state law or authorized by the state authority.

§ 708b.102 Special provisions for Federal insurance.

(a) Where the continuing credit union is federally insured, an NCUSIF deposit and a prorated insurance premium (unless waived in whole or in part for all insured credit unions during that year) will be assessed on the additional share accounts insured as a result of the